

Formal Budgeting

Overview

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Introduction

Formal budgeting provides institutional guidance and acts as the focal point for consistent budget formulation including full-cost recovery mechanisms; policy and procedural guidance specific to DOE Orders and sponsor requirements; and execution procedures specific to DOE Orders, UC policies, and applicable Laboratory policies and procedures.

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Overview, Continued

Definitions

The following terms are found in this chapter.

- **Accrued costs** are amounts owed for items received, services received, expenses incurred, assets acquired, and construction performed. Accrued costs are distinguished from budget outlays in that accrued costs are recorded on the accrual basis of accounting while budget outlays are recorded on the cash basis of accounting.
- **Acquisition plan** is the documentation supporting the acquisition of a non-major item of automatic data processing equipment that must be approved prior to release of a solicitation document for an acquisition.
- **Administrative division or subdivision of funds** is any distribution of an appropriation or fund.
- **Administrative limitation** is an upper limit placed on the amount of obligations or expenditures that may be incurred for a specific program, function, activity, or element of expense. Violations of administrative limitations are violations of DOE policy.
- **Advance funding** is the authority provided in an appropriation act to obligate and disburse funds during the fiscal year from the succeeding year's appropriation. The funds so obligated are added to the budget authority of the fiscal year and deducted from the budget authority of the succeeding fiscal year. The appropriation act usually states the date after which the funds of the succeeding year may be obligated.
- **Alternative budgets** are budget submissions that are *not* prepared using the two standard formats, field work proposals or field planning proposals.
- **Apparent violation** is the status placed on an overobligation or overexpenditure that is pending investigation to determine if it is an actual violation or the result of an accounting error.

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Overview, Continued

Definitions, continued

- **Apportionment** is a distribution by the Office of Management and Budget of amounts available for obligation in appropriation or fund accounts of the Executive branch. The distribution makes amounts available on the basis of time periods, programs, activities, projects, objects, or combinations thereof.
- **Appropriation** is the legal authority provided by an act of Congress that permits federal agencies to incur obligations and to make payments from the Department of the Treasury for specified purposes. An appropriation usually allows enactment of authorizing legislation. An appropriation act is the most common means of providing budget authority. Appropriations do not represent cash actually set aside in the Department of the Treasury for purposes specified in an appropriations act; they represent limitations of amounts that agencies may obligate during the time period specified in the appropriations act.
- **Appropriation limitation** is a statutory restriction in an appropriation act that establishes the maximum amount that may be obligated and expended for specified purposes from an appropriation or other funds, such as special or trust funds.
- **Approved Funding Program (AFP)** is an internal DOE document issued by the Office of Budget to program managers and operating activities, setting forth the funds available for the program activity in each appropriation and fund account. The AFP specifies pertinent legal and administrative limitations applicable to programs, subprograms, activities, and elements of expense. The AFP provides the authority to program managers to initiate program release documents for their respective programs. Each allottee uses the AFP in conjunction with the associated allotment to establish administrative limitations on the obligational authority available to program managers and organizational elements.
- **Approved work scope** consists of balances for work that is clearly defined in task or work authorizations or program direction letters. Such work must be specific in the work scope and have clearly defined milestones and tangible deliverables where possible. This category may not include at year-end any costs for which funds are appropriated in the subsequent fiscal year, e.g., level-of-effort for research and development activities or to maintain capability in defense programs.

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Overview, Continued

Definitions, continued

- **Architect-engineer (A-E)** usually furnishes Titles I and II engineering services, with optional Title III services; consults with the contract specialist on questions concerning services; and coordinates the work with the operating and construction contractors and public utilities, as required by contract. The architect-engineer may also develop conceptual designs, assist in the preparation of design criteria, and perform special studies.
- **Automatic data processing equipment (ADPE)** is any equipment or interconnected subsystems of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information.
- **Base table** is the document that displays budgetary resources (operating expenses, capital equipment, and construction) available for obligation by DOE at a level of detail consistent with Congressional requirements (e.g., conference reports). It provides the basis for the DOE allotment and the Approved Funding Program. This table forms a base against which reprogrammings, restructurings, and appropriation transfers will be determined and reported.
- **Baseline** is the established plan against which the status of resources and the progress of a project (cost, schedule, and technical requirements) can be measured.
- **Betterments** are improvements to plant and capital equipment (P&CE) that result in better quality, higher capacity, or an extended useful life. Such costs are capitalized.
- **Budget and reporting (B&R) classification** is the coding structure that parallels DOE activities and programs. This structure is used for formulating and executing the budget; reporting actual obligations, costs, and revenues; and controlling and measuring actual versus budgeted performance. The B&R number designates program, sub-program, category, task, and sub-task.

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Overview, Continued

Definitions,
continued

- **Budget authority (BA)** is the authority provided by law to enter into obligations that will result in immediate or future outlays involving government funds. The basic forms of BA are appropriations, contract authority, and borrowing authority.
- **Budget Estimating Tool (BET)** is the portion of the Laboratory Financial Management Information System (FMIS) used to convert resource estimates into cost estimates. BET employs calculations and rates, which mirror the Laboratory accounting system in posting costs against programs.
- **Budget outlay (BO)** is the authority to cost previously authorized BA. Capital BA and BO are received concurrently, while operating BO must be specifically authorized.
- **Budget year (BY)** is the fiscal year for which budget estimates are being developed and is two fiscal years from the current execution year (execution year is the fiscal year in which the budget is being executed).
- **Capability (CB)** refers to proposed equipment acquisition that provides for an increase in a plant's capability or a capability that is not currently available.
- **Capacity (CP)** refers to proposed equipment acquisition that provides for an increase in unit output capacity within a plant's current capability.
- **Capital Assets Management Process (CAMP)** is responsible for the reporting of information related to the development and management of facilities.
- **Capital Equipment Budget System (CEBS)** records and reports budget activity on capital equipment. It excludes equipment purchased with operating funds, construction funds, and reimbursable funds.
- **Capital expenditure** is made for the acquisition of or the additions and betterments to fixed assets.

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Overview, Continued

Definitions,
continued

- **Capitalized cost** includes: invoice price; gross receipts tax; insurance; freight; duties; handling charges; surcharges; administrative charges; installation costs; General and Administrative (G&A) costs; and other costs to convert or to make facilities or equipment ready to use. Capitalized cost does not include interest charges, purchase discounts lost, late payment penalties, or application software for any operation in addition to the basic operation (operating system) of the computer, even if purchased with the computer.
- **Capitalized property** refers to items of plant and equipment (including both real and personal property) that are purchased, constructed, or fabricated in-house (including major modifications or improvements to these items) and are owned by DOE and are recorded in the completed plant accounts because they have an anticipated service life of two or more years and cost \$25,000 or more, regardless of the appropriation or fund charged. Group purchases of similar items that each cost less than the minimum monetary criterion but that, when combined, constitute a significant investment in DOE-owned property are handled as capitalized property.
- **Close-out** is a process that transfers a newly completed facility or project from DOE capital construction accounts to the Real Property Inventory System (RPIS).
- **Commitment** is a firm, administrative reservation of funds prior to creation of an obligation. A commitment is based upon a valid request for procurement that authorizes the creation of an obligation without future recourse to the official responsible for assuring the availability of funds.

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Overview, Continued

Definitions, continued

- **Conceptual Design Report (CDR)** is developed by the architect-engineer subcontractor (upon receipt of DOE approval to proceed with conceptual design) to
 - Develop the project scope to satisfy project requirements;
 - Assure project feasibility and achievability;
 - Establish estimated cost, schedule, and technical work scope baselines;
 - Provide sufficient project description and justification to facilitate DOE and Congressional project approval; and
 - Develop technical, ES&H, and quality criteria.

CDR presentation meetings are scheduled with DOE when the CDR is assessed to be 30%, 60%, and 100% complete. Once all CDR review comments have been incorporated, the completed CDR is submitted to DOE.

- **Conceptual Summary Document (CSD)** is used for larger projects and is similar to a CDR, with the exception that it is submitted with the Request for Project Authorization for DOE Los Alamos Area Office approval only.
- **Construction** is any combination of engineering, procurement, erection, installation, assembly, demolition, or fabrication activities involved in creating a new facility or altering, adding to, rehabilitating, dismantling, or removing an existing facility. It also includes the alteration and repair (including dredging, excavating, and painting) of buildings, structures, or other real property, as well as any construction, demolition, and excavation activities conducted as part of environmental restoration or remediation efforts. It does not involve the manufacture, production, finishing, construction, alteration, repair, processing, or assembling of items categorized as personal property.
- **Construction completion date** is the date on which work normally performed by construction forces (including installation of equipment by operating contractors or others) is accepted by the Federal Government. This includes the completion of all building items, the erection and/or installation of mechanical units and/or processing equipment, and the installation of all furnishings as required to make a full functioning building, facility, or process.

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Overview, Continued

Definitions,
continued

- **Construction Line Item Projects (LIPs)** are facility construction projects having a total estimated cost (TEC) in excess of \$2 million. Due to the high cost of these projects, DOE Headquarters and Congressional approval are required prior to allocation of line item capital funding.
- **Construction Project Data Sheets (CPDSs)** are developed by the project leader following submittal of the complete Conceptual Summary Document (CSD) and draft design criteria and are submitted to DOE prior to the project validation process. CPDSs represent a condensation of the Conceptual Design Report. CPDSs provide project description and work scope, detailed and substantiated cost estimates, and adequate data to support project justification. When approved, CPDSs establish the project's technical work scope or baseline.
- **Construction project manager (CPM)** is the term previously for the project leader (PL).
- **Construction start** is the date on which the project starts or the date that the first applicable item is requisitioned for the project.
- **Continuing resolution** is legislation enacted by Congress to provide budget authority for specific ongoing activities and for a specific period of time in cases where the regular yearly appropriation for such activities has not been enacted by the beginning of the fiscal year. A continuing resolution usually specifies a maximum rate at which DOE may incur obligations based on levels specified in the resolution. The levels specified may be the current rate, the lower of the amounts provided in appropriation bills passed in the House or Senate, or any basis set forth in the continuing resolution.

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Overview, Continued

Definitions, continued

- **Contractor encumbrances** consist of uncosted balances of
 - Purchase orders issued;
 - Contracts and subcontracts awarded including the full liability under lease purchases and capital leases;
 - Termination costs for incrementally funded, firm fixed-price contracts, operating agreements, and multi-year service contracts that contain termination clauses;
 - Other legally enforceable agreements for the acquisition of goods and services not yet received; and
 - Other legal liabilities.
- **Controller's Budget Book** is the budget submission produced by the core budget group that summarizes the programmatic budget submissions for the Budget and Resource Management Division of DOE/Albuquerque. Also refers to the result of the entire budget formulation process including the individual programmatic books.
- **Cooperative Research and Development Agreement (CRADA)** is between a non-federal partner, DOE, and the Laboratory that requires collaborative research and development, as well as financial participation (in-kind contribution) by the industry partner, and U.S. manufacturing or resulting products and services.
- **Critical Decisions (CD)** are as follows:
 - CD-1, DOE approval of mission need and authorization of conceptual design activities;
 - CD-2, DOE approval of project baselines formally developed for technical scope, cost, and schedule;
 - CD-3, DOE approval to start construction; and
 - CD-4, DOE approval to begin operations.
- **Crosscut** is a method of consolidating the total amount being budgeted for a financial cost that is funded by numerous programs.
- **Current year (CY)** is the fiscal year immediately preceding the budget year. It is the fiscal year of the budget being considered in Congress.

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Overview, Continued

Definitions, continued

- **Depreciation expense** refers to the depreciation of capital assets including lease-to-own property. The straight-line method of assigning depreciation expense is used at the Laboratory and generally throughout DOE.
- **Design criteria (DC)**, Title II, are developed in accordance with FSS procedures and the FSS *Facility Standards Manual*. An A-E Services Statement of Work is developed in accordance with FSS procedures and includes the DC.
- **Direct costs** are any costs that can be identified with a particular program the first time the costs are charged. These costs are directly charged to a program since they are directly related to and are being incurred principally for the benefit of the program receiving the charges.
- **DOE Budget Call** is the notification from either a DOE program office or from the DOE Controller's Office containing the guidance and deadlines for the contractor's budget submissions.
- **DOE Environmental Checklist (DEC)** is prepared by the user in conjunction with the project leader and ESH Division. A DEC is the primary ES&H document submitted to DOE and is developed concurrent with the Short Form Data Sheets/Activity Data Sheets. A DEC should be submitted to DOE concurrent with the Mission Need and Justification Statement. It is preferable to already have the DEC submitted with a decision issued by DOE on the level of National Environmental Protection Agency documentation required prior to requesting CD-1.
- **Design Review Board (DRB)** reviews the completed Title II design package after the project is submitted to the project leader for review and prior to submittal to DOE for approval. The DRB leader recommends approval of Title II design when he/she is satisfied that all applicable review comments have been satisfactorily resolved.

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Overview, Continued

Definitions, continued

- **Engineering study (ES)** is coordinated by the project leader to ensure that project objectives are clearly understood by all members of the project team, to help identify potential technical and ES&H risks associated with the project and actions that should be taken to minimize those risks, and to define the scope of other supporting documents including the following:
 - Project Summary Work Breakdown Structure (PSWBS) to identify all design, estimating, inspection, and project management costs associated with the project;
 - Management level assignment;
 - Project baselines for technical scope, cost, and schedule; and
 - Identification of ES&H requirements and regulatory permits.
- **Environmental documentation** refers to the DOE-required draft Environmental Assessment (EA) that is submitted to DOE when the 100% Conceptual Design Report is prepared, and, if the EA identifies the need, an Environmental Impact Statement (EIS).
- **Environmental Impact Statement (EIS)** is a detailed report on the potential environmental implications of a specified activity.
- **Equipment fabrication** refers to the cost of a capital equipment item fabricated by a contractor, Laboratory shop, or scientific personnel that is capitalized at actual cost whenever possible.
- **Equipment purchase** refers to the cost of capital equipment acquired by purchase including the net invoice cost plus transportation charges, modification costs, and installation costs. If the property acquired by purchase includes a trade-in, the recorded cost of the purchased item equals the net invoice cost plus the allowance for the trade-in.
- **External commitment** is the uncosted portion of a formal agreement of a Laboratory organization to pay for a product or recharge service provided by a non-Laboratory source. This includes purchase orders and other external order types.

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Overview, Continued

Definitions, continued

- **Facilities** are land, buildings, and other structures; their functional systems and equipment; and other fixed systems and equipment installed therein, including site development features outside the plant, (e.g., landscaping, roads, walks, and parking areas); outside lighting; communication systems; central utility plants; utilities supply and distribution systems; and other physical plant features.
- **Facilities Capability Assurance Program (FCAP)** is a program for maintaining the capabilities of the production facilities complex. Its projects support the Stockpile Management mission, and it provides replacement and rehabilitation of the Stockpile Management infrastructure.
- **Feasibility study** is funded by facility landlord funds for use in developing a project planning schedule, functional and operation requirements, and a mission needs statement in an effort to determine the project's feasibility and the required level of management.
- **Federally-funded work** refers to work done for federal sponsors other than the Department of Energy.
- **Field Planning Proposal** is individual proposal data submitted to DOE for the Energy Efficiency and Renewable Energy Program.
- **Field Work Proposal** is individual proposal data submitted to DOE for several programs.
- **Final Cost Report (FCR)** reflects final project costs and classification of property, equipment, and services for accounting purposes. It is the responsibility of the project Customer Project Manager to prepare required submittals.
- **Final Safety Analysis Report (FSAR)** is initiated at the start of Title III engineering in accordance with FSS procedures. The FSAR provides a formal evaluation of the safety hazards associated with facility operations and provides measures to eliminate or mitigate those hazards. The FSAR must be formally approved by DOE prior to commencement of facility operations.

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Overview, Continued

Definitions, continued

- **Financial controls**, pertaining to plant and capital equipment, refers to all real property, modifications, changes, improvements, and related personal property being recorded in the appropriate balance sheet account. The costs are recorded at the time of acquisition whether by purchase, donation, transfer, or cost closure from a work-in-progress account.
- **Fiscal year** refers to a yearly accounting period, without regard to its relationship to a calendar year. The fiscal year for the Federal Government is October 1 through September 30.
- **Fully loaded costs** reflect the sum of the Direct and allocated Indirect costs.
- **Funding ceiling** is an upper limit placed on the amount of obligations or expenditures that may be incurred for a specific program, function, activity, or element of expense. It is subject to DOE rules and penalties. Funding ceilings can be imposed on DOE by Congress, the Office of Management and Budget, or internal DOE management (e.g., ceilings on travel).
- **Funds-In Agreement (FIA)** is a contract between a non-federal partner and DOE that denotes specific work to be done by the Laboratory for the sponsoring partner. An FIA covers sponsored work only, not collaborative work between the partner and the Laboratory. Prior to receipt of any formal request for an FIA, a copy of the FIA form will be provided to the potential sponsor for review and concurrence/comments.
- **General Accounting Office (GAO)** refers to the Congressional agency that holds accountable the operations of federal departments and agencies. It supervises the accounting done by others and emphasizes investigations to improve the effectiveness of government.
- **General Indirect and Recharge Equipment (GIRE)**, in this document, refers to the account maintained to support GIRE and Laboratory Directed Research and Development equipment needs.
- **General maintenance** refers to Laboratory construction projects that are estimated to cost less than \$300K and will be funded using operating funds. However, such projects will be reviewed on a case-by-case basis by FSS Division to determine if there is a significant betterment to an existing property. If it is determined that the general maintenance project results in a significant betterment, it will be funded using General Plant Project funds.

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Overview, Continued

Definitions, continued

- **General Plant Advisory Committee (GPAC)** is an internal group that reviews programmatic project needs and has final approval of project funding authorization. Prior to the performance of any planning activities, the GPAC must formally approve the expenditure of funds for planning.
- **General Plant Projects (GPP)** are defined as miscellaneous, minor, new construction projects of a general nature, the total estimated costs of which may not exceed the Congressional authorization of \$2 million per project. These projects provide for design or construction (or both); other capital alterations and additions; and improvements to land, buildings, and utility systems. They may include the construction of small new buildings, replacements or addition to roads, and general area improvements.
- **General purpose facilities projects** are line item construction projects estimated to cost greater than \$2 million that are required to support the long-term administrative and technical needs of DOE-operated laboratories and facilities. Multiprogram general purpose facilities are restricted to the multiprogram laboratories/sites where no one program will use more than approximately 60 percent of the planned facility.
- **Implementation plan** is the documentation supporting the acquisition of a major item of automated data processing equipment that must be approved before the release of a solicitation document for the acquisition.
- **Indirect costs (allocable)** are those costs that are not identified with a single, specific final cost objective. Site overhead costs, service centers, and organization burden are examples of Indirect costs.
- **Industrial Assignment Agreement (IAA)** is the mechanism used to send a Laboratory principal investigator to a company to perform work as agreed to in a contract. This mechanism is for off site work only. This agreement is for up to one year; however, it can be extended for up to one more year if the need should arise.
- **Infrastructure** (field management) refers to all real property and installed equipment and personal property that supports more than one program.

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Overview, Continued

Definitions, continued

- **Institutional commitment** is a formal agreement of a Laboratory organization to pay for a product or service with program codes funded by Laboratory burden. This commitment may be internal or external.
- **Integrated Contractors (ICs)**, as used in this document, are contractors to DOE with missions similar to that of the Laboratory who have Other Party Identifier (OPI) designations. OPIs are four-digit identifiers issued by DOE. A current list of ICs may be obtained from the Laboratory Budget Office.
- **Internal commitment** is the uncosted portion of a formal agreement of a Laboratory organization to pay for a product or recharge service provided by another Laboratory organization or a subcontractor. This includes job orders, work orders, and other internal order types.
- **Job order** is a Laboratory form initiated by a requester to establish a commitment against a DOE capital account for the purpose of fabrication of a capital equipment item. In addition to stating the fabricating group, requesting group, account codes, and requester, the form must include the following: standard nomenclature for the item being fabricated, the total estimated cost of the item, the anticipated completion date, and a summarized materials list. The completed form is submitted to the BUS-1 Property Accounting Team.
- **Laboratory Budget Call** is a notification from either a Laboratory program office or the Laboratory Controller's Office containing the guidance and deadlines for the Laboratory's budget submission.
- **Laboratory Directed Research and Development (LDRD)** represents the Department of Energy's independent research and development costs. These are Indirect costs that are allocated to all Direct programs at the Laboratory for independent research and development activities in conformance with the guidelines contained in DOE Order 5000.4a.
- **Laboratory Unicall** is an overview of the process prepared to support the Programmatic Budget Calls published by the Laboratory's program offices.

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Overview, Continued

Definitions, continued

- **Landlord Program** is the DOE Headquarters program having funding or institutional budget responsibility for the support, planning, acquisition, operation, maintenance, and disposition of physical assets related to the infrastructure.
- **Lease-to-Ownership (LTO)** refers to an agreement that conveys the right to use tangibles, and ultimately conveys title to them, in return for periodic payments from operating funds. These are limited by DOE and the Laboratory to computer acquisitions greater than \$50K.
- **Legal commitment** is the uncosted portion of the estimated contract termination cost for an external commitment.
- **Legal violation** refers to an overobligation or overexpenditure of a legally authorized amount that has been investigated and determined to be an actual violation. Legal violations are reportable to the Congress.
- **Life cycle** is the life of an asset from planning, acquisition, maintenance, and operation to disposition.
- **Limited Scope Technical Assistance Agreement (LSTA)** is a solution to requests for short-term technical assistance required by non-federal entities. The technical challenges presented by requesting industries can be analyzed by Laboratory staff within a few days of executing the agreement and receiving the funds. Assistance offered includes consultation, access to unique Laboratory facilities and equipment, and training. The focus is on applying existing technology versus developing new technology. The Laboratory is indemnified against liability of any sort. The funds for this type of agreement are limited to \$5,000 of costs, before taxes.
- **Maintenance** is the recurring day-to-day work that is required to maintain and preserve plant and capital equipment in a condition suitable for it to be used for its designated purpose. It is usually less involved than repair work. Maintenance is typically charged to operations.
- **Major Administrative Data Processing Equipment (MADPE)** is ADPE that costs more than \$2 million. Each item of MADPE is shown separately in the budget submission and must receive specific Congressional approval.

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Overview, Continued

Definitions, continued

- **Major Item of Equipment (MIE)** is any item of capital equipment or a group of automatic data processing components (e.g., a computer system) having a total estimated purchase value of \$2 million or more, including related capitalizable costs, not related to construction. For new items, the purchase equivalent value is based upon list, anticipated, or actual purchase price. For used items, reutilization of DOE-reassigned, Federal Government excess, or exchange/sale items, the purchase equivalent value is based upon the current best estimate market value. The determining factor for an MIE is the estimated purchase value of the item(s) regardless of whether the actual method of acquisition is purchase, lease, or some combination of the two. A leased item of equipment is an MIE if the estimated purchase equivalent value of the item is \$2 million or more, even if the annual lease cost is less than \$2 million.
- **Management Information System-Financial Information System (MIS-FIS)** is the DOE cost-budget accounting system.
- **Obligational Authority (OA)** is the sum of budget authority (BA) provided for a given fiscal year.
- **Obligation Control Level (OCL)** is the level at which obligations are to be controlled in DOE, as specified in the DOE Base Table. An obligation control level is an administrative limitation that represents an upper limit placed on the amount of obligations or expenditures that may be incurred for a specific program, function, activity, or element of expense. It is subject to DOE, rather than statutory, rules and penalties. Obligation control levels can be imposed on DOE by Congress, the Office of Management and Budget, or internal DOE management (e.g., travel ceiling).

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Overview, Continued

Definitions, continued

- **Obligational Guidance Level (OGL)** represents a lower level breakout of an Obligation Control Level (OCL) that can be included in the Approved Funding Program at the discretion of DOE Headquarters' program offices as guidance for the execution of assigned programs. As subdivisions of OCLs, the OGLs can identify amounts for acquisition of General Plant Projects, capital equipment, and Additions in Progress with a total estimated cost of under \$2 million, and other operating expense funded construction-related costs. If an OGL is exceeded, another OGL within the same OCL must be reduced to avoid exceeding the OCL. Should an obligation exceed an OGL, no legal or administrative violation would occur so long as the OCL for total operating expenses is not exceeded.
- **Obligations** are amounts of orders placed, contracts awarded, services received, and similar transactions during a given period that will require payments during the same or a future period. All obligations must be supported by written documentation or law.
- **Off-cycle Proposals** are DOE proposals prepared outside of the DOE Controller's Budget Book process and submitted to DOE program office individually.
- **Office of Management and Budget (OMB)** is a part of the Executive Office of the President. The OMB develops the Executive Budget by consolidating agency requests for appropriations within the guidelines provided by the President. After Congressional appropriation, the OMB meters the flow of spending to ensure that agencies do not spend more than the amount appropriated.
- **Operational Readiness Review (ORR)** encompasses those activities necessary to ensure that a facility is ready to begin operations. An ORR is performed by Laboratory personnel and serves as a predecessor for the DOE-conducted Operational Readiness Evaluation (ORE). An ORR report is prepared and submitted to DOE. All ORR findings must be resolved prior to approval to start. Upon successful completion of the ORR, DOE issues a formal notification of Facility Certification.

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Overview, Continued

Definitions,
continued

- **Operations capitalized** are labor costs associated with capital equipment and construction (such as installation) that are normally paid out of operating funds.
- **Other Federal Agencies (OFAs)** are federal sponsors other than the Department of Energy.
- **Outyear** is any year(s) beyond the budget year for which projections are made.
- **Personal property**, generally, is capitalizable property that can be moved and that is not permanently affixed to and part of the real estate. Generally, items remain personal property if they can be removed without seriously damaging or diminishing the functional value of either the real estate or the items themselves. Trailers, double-wide or less, used as temporary or mobile facilities should be considered personal property when not acquired or intended for permanent use.
- **Physical assets** are all DOE-owned or DOE-used and -controlled land, land improvements, structures, utilities, motor vehicles, equipment, and components.
- **Planning Council**, Los Alamos Planning Council, provides a forum for discussion and approval of recommended actions detailing the physical development of the Laboratory, including: development plans for facilities and real estate; prioritized project lists; resource requirements for planning/project development; and other institutional site development issues.
- **Plant and capital equipment (P&CE)** is a broad funding category that includes items of plant and equipment, both real and personal property, that are owned by DOE and are recorded in the completed plant accounts and meet the monetary and service life criteria for capitalization, regardless of the appropriation or fund charged. Group purchases of similar items that each cost less than the minimum capitalizable criterion amount (\$5,000), but when combined constitute a significant investment, are considered capitalized property, such as automatic data processing equipment components.

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Overview, Continued

Definitions, continued

- **Prefinancing** is funding maintained for the purpose of ensuring continuity of contractor operations (for Integrated Contractors) during a potential funding lapse at the beginning of the fiscal year. Prefinancing is limited to those amounts required to cover salaries and related benefits and other mandatory requirements.
- **Preliminary design (Title I)** is a continuation of the conceptual design and the project design criteria as a basis for project development. Title I develops topographical and subsurface data and determines the requirements and criteria that will govern the definitive design. Tasks include preliminary planning and engineering studies, preliminary drawings and outline specifications, life cycle cost analysis, preliminary cost estimates, and project completion schedules. Preliminary design provides identification of long-lead procurement items and analysis of risks associated with continued project development.
- **Principal Investigator (PI)** is the individual responsible for the project objectives and the design, conduct, or reporting of the work performed or to be performed under the sponsored project.
- **Proposal** is a Laboratory document requesting funding from DOE, other federal agencies, other DOE contractors, universities, or private companies for a specified task.
- **Prior year (PY)** refers to the fiscal year immediately preceding the current year and two fiscal years preceding the budget year. It is the fiscal year in which the budget is being executed.
- **Project**, in general, refers to a unique effort that supports a program mission with defined start and end points, undertaken to create a product, facility, or system with interdependent activities planned to meet a common objective/mission. Projects include planning and execution of construction/renovation/modification/environmental restoration or decontamination and decommissioning efforts, and large capital equipment or technology development activities. Basic research, grants, and operations and maintenance of facilities are not considered projects.

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Overview, Continued

Definitions, continued

- **Project authorization** is a formal request to authorize expenditure of General Plant Project capital funds for the specific activities delineated within the approved project authorization. A Request for Project Authorization (RPA) is formally submitted to DOE Los Alamos Area Office.
- **Project close-out** is accomplished by reconciliation of project costs. Once all project costs have been identified and applied to the appropriate financial accounts and all invoices are paid, those accounts established in support of the project are formally closed. A final report is prepared. The A-E contractor submits a final report summarizing the design activity, all design changes, and a final cost statement. Close-outs of expense project financial accounts occur on an annual basis. Projects that span multiple fiscal years have their assigned financial accounts reconciled and closed at the end of each fiscal year in which the project is active. It is the responsibility of the project leader to prepare required cost reports and to provide required support to the project controller. The final cost closing statement is submitted to DOE Los Alamos Area Office (DOE/LAAO) for review and approval. DOE/LAAO reviews and approves the final cost closing statement. It is the responsibility of the project leader to compile a complete and comprehensive project file, inventory its contents, and submit the file to records storage.
- **Project data sheet (PDS)** is a generic term for the document containing summary project data and the justification required to include the entire project effort as a part of the Departmental budget. Specific instructions on the format and content of the project data sheet are contained in the annual budget call.

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Overview, Continued

Definitions,
continued

- **Project leaders** (PLs) coordinate and control the activities (design, project, program, analysis, etc.) defined in the Memorandum of Understanding. Typical activities include
 - Development and implementation of the life cycle asset management process in accordance with DOE Order 430.1;
 - Preparation and control of baseline agreements documented in Memorandums of Understanding (MOUs);
 - Preparation and control of technical, cost, and schedule baselines;
 - Interface between design and construction;
 - Preparation of construction permits;
 - Design of output document approval;
 - Preparation of project reports;
 - Completion of design verification;
 - Coordination of support organizations;
 - Disposition and control of nonconformance;
 - Approval of purchase requisitions;
 - Maintenance of complete project files and records until transmitted to records storage;
 - Coordination of change control subsequent to final design complete;
 - Verification of acceptance;
 - Development of as-built drawings; and
 - Coordination of customer acceptance and project transfer.
- **Project management plan (PMP)**, for Line Item Projects, is a plan describing authorities and responsibilities and how all parties involved interact to complete the project. The PMP is reviewed by the project team and approved.
- **Project management team** includes the customer, team leaders from groups in FSS Division, and team leaders from other divisions at the Laboratory whose disciplines provide required elements and affect the configuration of the project. There is an ES&H representative on every project team. The overall team is responsible for the successful completion of the project in that it meets the functional requirements of the customer, is of acceptable quality, is completed on time, and is within the scope and authorized funding.

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Overview, Continued

Definitions, continued

- **Project manager (PM)** is an official who has been assigned responsibility for accomplishing a specifically designated unit of work effort or group of closely related efforts established to achieve stated or designated objectives, defined tasks, or other units of related effort on a schedule for performing the stated work funded as part of the project. The project manager is responsible for the planning, controlling, and reporting of the project.
- **Property record unit (PRU)** is a component of plant or equipment selected to be continuously identified in the property records. A property record unit may be composed of one or more retirement units. A property record unit may be a functional unit consisting of: an assembly of associated items, such as a hydraulic extrusion press; equipment serving multiple retirement units, such as control systems or piping systems; or a continuous facility of which components are retirement units, such as buildings, roads, walks, or paved areas.
- **Property used in research** refers property purchased or fabricated for use in research, the cost of which may be charged to operations if the property is not expected to have a service life of more than two years in essentially its original form, although it may meet the monetary and physical criteria that would otherwise require it to be accounted for as capital equipment. The cost of altering or rearranging property used in research and development may be charged to operating expense if the physical characteristics or value of the property are not changed significantly.

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Overview, Continued

Definitions, continued

- **Project validations** follow the submittal of all required project documentation. DOE Headquarters conducts project justification and validation reviews. Those Line Item Projects that successfully pass these reviews are submitted to the Office of Management and Budget (OMB) for Congressional review and approval of required line item funding. This validation and approval process can be expected to take 12 to 16 months to complete.

During the DOE project validation process, an independent cost estimate for the project will be conducted by DOE. When significant differences exist between cost estimates, it is DOE's policy to reconcile these differences by working with project personnel to resolve possible misunderstandings prior to issuing a report. The existence of significant differences can possibly delay the project validation process.

The DOE Controller has ruled that no project can be included in the budget request to OMB without having gone through the complete, formal DOE validation process.

- **Rate** is one of several methods used to collect costs to support various administrative and overhead costs at the Laboratory. (See <http://bus.lanl.gov/bus3/fmh/fmhch5ov.pdf>.)
- **Real property** includes land, improvements on the land, or both and interests therein. The chief characteristics of real property are immobility and tangibility. It comprises land and all things of a permanent and substantial nature affixed thereto. Equipment or fixtures, such as plumbing, electrical, heating, built-in cabinets, and elevators are part of real property. Real property may also include triple-wide trailers or modular units joined together so that the structure is not portable and cannot be relocated without being dismantled and thus losing its identity.
- **Receipt of funding for federally-funded Work for Others** refers to the Laboratory's receipt of a DOE-certified Military Interagency Purchase Request (MIPR). An MIPR or an Interagency Agreement received by a Laboratory organization that is not certified by DOE does not constitute approval to begin work.

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Overview, Continued

Definitions, continued

- **Related personal property** is capital equipment that is an integral part of real property or is related to, designed for, or specially adapted to the functional or productive capacity of the real property and the removal of which would significantly diminish the economic value of the real property or the related personal property (e.g., communication systems).
- **Replacement** is the reconstruction of a property record unit that has deteriorated or has been damaged beyond the point where its individual parts can be economically repaired. If the item replaced is a retirement unit, its original cost is removed from the plant and capital equipment accounts and the cost of the newly installed item is added. If the item replaced is a minor item and the replacement does not create a betterment, the cost of the replacement is considered maintenance or repair and is charged to operations.
- **Reprogramming** is shifting funds within an appropriation or fund account to use them for different purposes than those contemplated at the time of appropriation. It often involves formal notification and the opportunity for Congressional committees to state their approval or disapproval.
- **Request for Funds Transfer**, for Line Item Projects, is a letter to DOE transmitting the work-breakdown structure, element definitions and reports, and funding contingencies. This must be done before DOE will transfer funds for design.
- **Request for Project Authorization (RPA)**, for General Plant Projects and Line Item Projects, is a written request to DOE for authorization to proceed with a project. It is prepared by the project leader and reviewed by the project team. The document is processed by the BUS-2 budget analyst.
- **Retirement unit** is a component of plant and equipment that is capitalized in a separate account and invariably eliminated from the plant and equipment accounts when removed, transferred, sold, abandoned, or demolished (for example, a section of walk or fence). Costs to extend the life of or replace the retirement unit shall be capitalized. All other costs related to the retirement unit shall be expensed. Retirement units are established for convenience in accounting for the replacements of major components of plant and equipment.

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Overview, Continued

Definitions,
continued

- **Repair** is the restoration or replacement of a deteriorated item of plant and capital equipment, such that it may be utilized for its designated purpose. The cost of repair is normally charged to an operating expense account and includes amounts for labor and associated supervision and materials, as well as Indirect and other costs incurred in such repairs.
- **Reimbursable Proposal** is a Laboratory document requesting funding from federal agencies, other DOE contractors, universities, or private companies for a specified task.
- **Short Form Data Sheet (SFDS) or Activity Data Sheet (ADS)**, as applicable depending upon the requirement of the program for which the project is being developed, is developed by the project leader and the project. SFDSs/ADSs provide DOE information regarding project technical scope, estimated total cost, and justification to evaluate and approve the start of conceptual design.
- **Title II design** continues the development of the project based on the approved preliminary design (Title I). Definitive design includes: revision required of the Title I effort; preparation of final working drawings, specifications, bidding documents, cost estimates; coordination with all parties that might affect the project; development of firm construction and procurement schedules; and assistance in analyzing proposals or bids.
- **Title I design estimates** are prepared upon completion of Title I design. Through use of plant engineering and design funds, Title I may be completed prior to inclusion of the project in the budget. If this should occur, the design estimate becomes synonymous with the budget estimate.
- **Title I design summary** is an overview and record of preliminary engineering and project management planning, reflecting completed Title I design and usually is prepared using A-E services or by the operating contractor. Title II design estimates are developed for each project by the designer as part of the Title I design summary. The estimates, since they are based on the definitive design, are the most accurate and have the highest confidence level of any estimate.

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Overview, Continued

Definitions,
continued

- **Title III services** are those activities required to assure that the project is constructed in accordance with the plans and specifications (e.g., construction inspection) and that the quality of materials and workmanship is consistent with the requirements of the project (e.g., materials testing).
- **Total estimated costs (TEC)**, as defined in DOE 5100.3 and 5700.2C, are the gross costs of the project, including the cost of land and land rights; engineering, design, and inspection costs; Direct and Indirect construction costs; and cost of initial equipment necessary to place the plant or installation in operation, whether funded out of operations or plant and capital equipment appropriations. In cases where Congress has authorized amounts for construction projects exclusive of amounts for construction planning and design, the amount authorized is used as a base for TEC, even though it does not include planning and design costs. TEC include the following estimated costs:
 - Land, land rights, depletable resources, and improvements to land;
 - Engineering, design, and inspection (Titles I, II, and III);
 - Construction management of main plant, balance of plant, other facilities, other structures and significant alterations, additions, and improvements to structures (excluding normal maintenance);
 - Utilities, including water and sewage systems; heating, ventilation, and air conditioning power systems; communication systems; and fire prevention systems;
 - Quality assurance services;
 - Pre-operational construction changes shown to be required during integrated systems testing and hot-start testing;
 - Safeguards and security systems;
 - Project and construction management;
 - Direct and Indirect construction costs;
 - Standard and special facilities;
 - All equipment, furniture, and systems contained in the main, balance of plant facilities, and administrative areas to render the facility useable;
 - Computer systems, if dedicated to the project;
 - Contingency and economic escalation; and
 - Decontamination and/or disposal cost of equipment and construction rubble when the purpose of the project is to replace existing facilities.

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Overview, Continued

Definitions, continued

- **Total project cost (TPC)** consists of all the costs included in the total estimated cost of a construction project plus the pre-construction costs such as conceptual design and R&D and the costs associated with the pre-operational phase such as training and start-up. TPC includes all R&D, operating, plant and capital equipment costs specifically associated with project construction up to the point of routine operations that will include, but not be limited to, the following items:
 - Total estimated costs;
 - Pre-Title I activities, such as conceptual design reports, preliminary safety analysis reports [if initiated prior to CD-1, preparation of project data sheets, design criteria, National Environmental Policy Act (NEPA) documentation, and formulations of Quality Assurance criteria];
 - R&D necessary for fabrication, testing, and rework of prototype equipment;
 - R&D (scale-up or demonstration plants of high-risk technology) required prior to start of construction;
 - One-time costs related to testing, startup, operator training, and commissioning;
 - Initial inventories and spare parts;
 - Site suitability testing and evaluation;
 - Quality assurance related to site suitability and testing;
 - Regulation compliance;
 - Grant to state and local governments;
 - Payments equal to taxes;
 - Systems studies and selected systems engineering services;
 - Institutional activities related to facility siting and external interactions;
 - Decontamination and decommissioning costs;
 - Economic escalation; and
 - Contingency (applicable to TPC).
- **Uncosted obligations** are for goods and services that have not yet been costed. Included in this category are legal commitments for which contracts, subcontracts, and purchase vouchers have been signed, as well as items such as internal work orders, approved work scope, prefinancing, and unencumbered balances. Any uncosted, unencumbered balances are considered potential offsets to new budget authority.

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Overview, Continued

Definitions, continued

- **Unencumbered** refers to the remaining fund balance after subtracting contractor encumbrances, approved work scope, and prefinancing and is potential excess funding resulting from project and program underruns and changing program missions. This amount(s) may be available for withdrawal and reallocation to support current and future Departmental funding requirements.
 - **Unicall** is the Budget Call from the DOE Controller's Office containing the guidance and deadlines for the Controller's Budget Book Submission.
 - **User Facility Agreement (UFA)** allows industry and university partners to conduct research at the Laboratory's unique experimental facilities. The partner directs the activity that occurs within the framework of the agreement with minimal work by the Laboratory principal investigator. Training and support maintenance is provided to the sponsor under this agreement.
 - **Validation Team** is a team appointed by BUS-1 to validate the rates and factors used in BET.
 - **Z program codes** are the codes in the Zxxx series established to facilitate the accumulation of costs against job orders covering the fabrication of capital equipment by Laboratory organizations.
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